A Structural Model on the Impact of Prediscovery Licensing and Research Joint Ventures on Innovation and Product Market Efficiency

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Highlights

- Novel database on prediscovery licensing agreements is used.
- Impact of prediscovery licensing agreements (PDLAs) on innovation and product market efficiency is investigated.
- We find that PDLAs reduce innovative activity in the semiconductor industry by 10 percent, or 4,089 patents.
- We find that PDLAs increase production costs and semiconductor prices by 2 percent.
- We show that PDLAs can be used as an instrument to coordinate and reduce R&D activities.